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DEPARTMENT EUR/NCE MICHELLE LABONTE

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TAGS: [PREL](#) [PGOV](#) [CVIS](#) [KDEM](#) [ENRG](#) [HU](#)
SUBJECT: READOUT OF DAS PEKALA'S BUDAPEST CONSULTATIONS

Classified By: POL/C ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

11. (C) Summary: EUR Deputy Assistant Secretary Mark Pekala used his March 25-27 visit to Budapest to underscore to GOH decision-makers, advisors and opinion leaders our commitment to a continued strong relationship with Hungary based on shared principles and values. He also provided an interview to the Hungarian weekly "Heti Valasz" and took the opportunity to meet with the Embassy community in a town hall meeting. His visit reflected strong consensus across the political spectrum regarding the Visa Waiver Program, deep divisions on energy security, and support on the Balkans. End Summary.

VISA WAIVER - BROAD AGREEMENT

12. (C) Pekala updated Parliament Speaker Katalin Szili on developments in the Administration's effort to revamp the visa waiver program (VWP) by strengthening its security elements and working toward flexibility that would allow the entry of new countries. Echoing remarks made by representatives of the government and opposition parties at a dinner hosted by Ambassador Foley the night before, Szili thanked us for our efforts on visa waiver and underlined that it is an issue that nearly all Hungarians follow and take a personal interest in. (She even cited her hairdresser as having asked her about the status of Hungary's inclusion in the VWP during her last appointment.) Szili agreed that the VWP would become a vehicle to help maintain the excellent relationship between the United States and Hungary via travel and exchanges. By contrast, FIDESZ parliamentary faction leader Tibor Navracsics cautioned that a failure to address the issue could cause "drift" between the U.S. and its Eastern European Allies.

13. (C) In a separate meeting with Pekala, Andras Gulyas, Foreign Policy Advisor to President Solyom, emphasized the President's interest in the status of the VWP. He indicated that Solyom sees the visa as primarily symbolic and feels that Hungary's inclusion would show a certain equality by allowing Hungarians to travel to the U.S. visa-free in the same way that U.S. citizens may travel to Hungary. Gulyas also underscored Solyom's continued concerns about individual rights under any visa regime where personal data is collected. Gulyas also noted in closing that Hungary had paid a cost for its recent activism in Cuba with the recall of the Cuban Ambassador for consultations and "questions" within the EU.

ENERGY SECURITY - OPEN DISCORD

14. (C) When Pekala raised energy security and described U.S.

efforts to work with countries toward the goal of diversification, Gulyas noted that the early 2006 shocks to energy supplies in Hungary caused by Russia were a timely warning to work on coordinated energy security policy. He said that he hopes that the U.S. will continue to monitor the situation in Hungary closely and watch how it is progressing on such a policy and "catching up" with the rest of Europe.

15. (C) Laszlo Valki, Chairman of PM Gyurcsany's new Foreign and Security Policy Council, indicated that he sees Blue Stream as a more viable option but feels Russia is not a predictable partner. He reported that the Russians had not provided any definite details on Blue Stream during PM Gyurcsany's recent visit to Moscow, characterizing the visit, as well as Russo-Hungarian relations in general, as "businesslike." Valki did comment, however, that the Nabucco pipeline project appears to be encountering "opposition from many sides," including the recent withdrawal of a French gas company and the problems posed by the potential reliance on unstable suppliers such as Turkmenistan and Iran. Pekala, as in the meeting with Gulyas, stressed the importance of diversification. He informed Valki that the U.S. was in extensive discussions with Azerbaijan on, among other topics, the supply of gas to Nabucco.

16. (C) In contrast to Valki's assessment of Blue Stream as the more viable option, Foreign Affairs Committee Chair, and FIDESZ MP, Zsolt Nemeth charged (in a separate meeting with Pekala) that Gyurcsany and the MSZP with downplaying Russia's true intentions and characterizing the question as an economic one and not a security issue. Nemeth charged that "that Russian imperial instinct" is alive and well, and added that opposition efforts to speak out against Blue Stream are met with government claims of "Russophobia." Nemeth continued that the MSZP labels Nabucco as "unrealistic"

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whenever possible - when in fact Blue Stream is also beset by serious technical, supply, and investment problems - and only under pressure resorts to claims of neutrality in the Blue Stream - Nabucco debate. Nemeth suggested that the way to quiet the critics of Nabucco is to get Central Asian gas into the pipeline as soon as possible. He also noted that the opposition will try for a parliamentary declaration welcoming the Berlin Summit, supporting Nabucco, and focusing on EU common energy policy.

BALKANS

17. (C) Szili briefly touched on the Balkan issue, emphasizing Hungary's interest and agreeing with Pekala's basic points that European and U.S. support of the Ahtisaari plan should be unanimous and that Serbia must see a future for itself in Europe. Toward that end, Hungary sponsors what she called a "tolerance program" in Serbia where they use youth summer camps and economic programs to promote tolerance and unity across ethnicities. Szili is also eager to confirm Speaker Pelosi's attendance at a June meeting with her Balkan counterparts.

18. (C) Gulyas expressed support for the principle of minority rights in general and for Ahtisaari in particular, highlighting concerns about the impact of a Kosovo settlement on the delicate dynamic in the Vojvodina.

OUTREACH

19. (U) DAS Pekala gave an interview to Hungarian weekly "Heti Valasz" where he provided U.S. views on VWP, energy security, relations with Russia, missile defense and the Balkans.

110. (U) He also held a town hall meeting, attended by Embassy

staff, where he discussed policy and management issues and took questions from the audience on both subjects.

¶11. (U) Septel will provide details of discussions on missile defense.

¶12. (U) DAS Pekala has cleared on this message.
FOLEY